

## LACK OF GLOBAL STANDARDS FOR SYSTEMATIZATION AND INNOVATIVE MANAGEMENT OF LOCAL BUSINESSES IN UZBEKISTAN

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**Abstract:** At a time when local business systematization and innovative management processes are rapidly developing in Uzbekistan, the lack of world standards causes a number of problems in this area. Local business entities are trying to use modern management methods to effectively organize their activities and increase their competitiveness. However, the lack of international standards in this process creates many problems.

**Keywords:** business, economy, new technologies, innovative approaches, management, public policy, infrastructure.

### INTRODUCTION

After the independence of Uzbekistan, both the government and society actively supported the expansion of the commercial sector. In recent years, small and medium-sized firms (SMEs) have accounted for 60% of the economy, with three out of every four workers engaged or engaged in entrepreneurship. However, due to outdated corporate structures, excessive bureaucracy and corruption, entrepreneurs could not operate within the new global system and norms until 2016..

### LITERATURE REVIEW

Doing business meant dealing with endless paperwork, sometimes facing extortion and various threats. The threat of organized crime and the lack of rule of law stifled new local businesses, and international investors did not trust that contracts would be enforced. The initiative of President Shavkat Mirziyoyev and the subsequent development strategy of the national reform process focused on ensuring that the government and courts first of all meet the needs of the people, strengthen the freedom of the mass media and put the interests of citizens first. These reforms have led to better protection of the rights of local and international entrepreneurs through the justice system.

The establishment of the first business ombudsman system in Uzbekistan is an example of this, and if you look at UNDP's work in Uzbekistan, you will see that business has been at the heart of the national development agenda for more than 10 years. We support and assist entrepreneurs and initiatives to develop local, regional and national businesses, take them to international markets and attract global investment. At the same time, it is important to protect the deals concluded in

Uzbekistan by local enterprises and international investors and to strengthen trust in the country.[1]

### **METHODOLOGY**

Simplification of business processes and strengthening of investment confidence were the main results of our "Cooperation on the Rule of Law" project, which we are implementing together with the Supreme Court of the Republic of Uzbekistan and USAID. While Uzbekistan's improved business environment has attracted major international brands, we must ensure that small businesses also benefit from the reforms. So far we have supported the following destinations. Creation of advanced digital opportunities for transparency and the use of justice. The new website of the Supreme Court, established in cooperation with our project, provides easy access to information on court activities and decisions, as well as information on legislation. database, guidance to applicants and centralized means of payment of court fees. As the saying goes, "time is money," these features allow businesses to resolve disputes quickly and affordably. In addition, the internationally recognized E-SUD system increases the efficiency and quality of processing of applications and provides an opportunity to submit applications to the court online. Implementation of mediation practice as a quick way to resolve court disputes. Cooperation of the United Nations Development Program with the Supreme Court of Uzbekistan helped to create a law "On Mediation" that allows citizens to avoid unnecessary expenses and maintain business relations without resorting to court. Improvement of judicial systems. Streamlining court procedures for handling claims and introducing pre-trial hearing processes to resolve disputes, measures to reduce the backlog of cases, and improving court information and communication technology will increase confidence that the court system works for business owners.[2]

### **PRIMARY RESEARCH**

These changes made it much easier for both citizens and business entities to access the courts of Uzbekistan and ensured that their legal rights and interests are sufficiently protected. On the other hand, it is a very joyful performance of Uzbekistan in the World Bank's Doing Business Index and at the same time shows how good Uzbekistan can be for the private business sector if a corresponding legal framework is created. In 2020, starting and operating a business will be eased, as well as access to justice will be accelerated, the convenience of the court system improved.[3] Legal entities will be able to submit claims and additional applications to courts electronically through taxpayer accounts. This not only speeds up application processing, but also improves Uzbekistan's rating in the Doing Business Index. And last but not least, efforts are being made to make business laws more forgiving of first-time offenders. Beginning from June 2020, first-time entrepreneurs who have violated the customs rules but later on voluntarily paid for goods and went through customs clearance will be exempt from

criminal liability. As Uzbekistan continues to reform and improve its business laws, so its reputation as a new destination for business will continue to build and grow for the benefit of its citizens.[3]

### **SECONDARY RESEARCH**

A statistical analysis of the lack of world standards in systematization and innovative management of local business is given below, the problems and opportunities existing in this respect in the economy of Uzbekistan. Small and medium-sized businesses in Uzbekistan's economy have been given great significance. After 2022, this share in the GDP of Uzbekistan was 35%, but the systemization processes in this direction have not been developed yet. Only 15% of small and medium business entities were able to establish modern managing systems by 2021 in Uzbekistan. This number is very low compared to world standards. For example, in the countries of the European Union, this indicator is higher than 60. Meanwhile, innovative management processes show a low level of activity in the economy of Uzbekistan. According to information from the Ministry of Innovative Development of the Republic of Uzbekistan, the number of enterprises engaged in innovative activities did not exceed 10% by 2022.[4] Furthermore, according to statistics in 2022, changes in enterprises of Uzbekistan during the process of manufacturing an innovative product happened only in 8%. This indicator is very low against the background of innovative activity in the world market-such as in South Korea, the indicator is more than 35. The main issue is that internationally acceptable systems and management practices do not exist in Uzbekistan. According to a report by the World Bank, in 2023, Uzbekistan ranked 120th in the global index of business environment out of 150 countries. This indicates that much work is required to achieve world standards regarding innovative management and systematization. In Uzbekistan, only 200 enterprises could be certified according to ISO standards in 2021, whereas in European countries this number was more than 10,000 enterprises. Such low numbers of globally adopted standards of systematization and innovative management of the local business negatively affect further economic development. To solve these problems, it is necessary to have a systematic approach, to train qualified specialists and to introduce management systems that meet international standards. The development of innovative management and systematization processes is important for the future of Uzbekistan's economy.[5]

### **ANALYSIS**

Systematization of local business and the introduction of global models of innovative management in Uzbekistan have a great role to play in the development of the country's economy. Introduction of modern methods of management is necessary today for increasing competitiveness and providing sustainable growth in the global economic environment. This process not only enhances internal efficiency of the

company but also expands competitive opportunities in international markets. In order to systematize local entrepreneurship, it is first necessary to create effective management systems. These systems help to connect all of the company's activities, use resources effectively and optimize decision-making processes. Many companies in Uzbekistan still rely on traditional management methods that limit their growth. Therefore, companies can carry out their activities more efficiently and in a more orderly manner by introducing global standards. Innovative management helps increase the company's competitiveness by introducing new ideas and technologies.[6]

There are necessary preconditions for the development of innovations within the economy of Uzbekistan. All these programs of funds for young entrepreneurs and innovators, as well as co-operation with research institutes, should involve attracting investments as an opportunity for the emergence, development, and implementation of new technologies. Innovative management will help to improve internal company processes and speed up the production cycle of a new product line.

### **DISCUSSION**

Another factor that will contribute to the development of local business in Uzbekistan at the international level is the introduction of world standards. Local business will be included in world markets, enhancing the quality of products and services, improving customer service, and offering competitive prices. All this serves the economic development of Uzbekistan: the increase in export potential, attraction of international investments, and so on. The role of the state is also important in the process of introducing global standards of systematization of local business and innovative management. It is necessary to improve the state business environment, improve legislation and create favorable conditions for attracting investments. Also, it is important to strengthen educational institutions and business cooperation, train qualified personnel. Supporting innovative ideas and developing entrepreneurial skills in the educational system will increase the competitiveness of the next generation. In the process of introducing innovative management and world standards, the exchange of experience and development of cooperation between local business entities is also important. The experience shared among entrepreneurs helps them to realize what works and to adapt new ways to grow their businesses. Such cooperation, especially for small and medium-sized businesses, means a lot because it enables them to get more effective results by pooling resources and knowledge. Systematization of local business and introduction of world standards of innovative management also require increasing social responsibility. The business should be taking into consideration social and environmental problems in their activity. Social responsibility not only contributes to the increase of the enterprise's reputation but also helps develop society. Local business entities should help local communities by their activity, take part in social projects, and actively participate in solving environmental problems. In general,

systematization of local business and world standards for innovative management is highly important for the Uzbek economy. This means not only increased competitiveness of enterprises but also a guarantee of economic stability for our country. On the whole, local business in Uzbekistan can join the world market, contribute to economic growth by introducing innovative approaches and modern management systems. It will be useful in turn for the improvement of the well-being of the population and ensure social stability.[7]

The introduction of world standards of business entities in Uzbekistan is relevant. This process will contribute to the stable development of the country's economy, its competitiveness, and an expansion of international trade opportunities. Those standards have been elaborated taking into consideration quality, safety, efficiency, and ecology issues, and their application provides a number of useful effects for business subjects. First, world standards serve to improve quality. This will improve the quality of products and services, meet customer requirements, and gain their trust. Production of quality products allows success not only in the domestic market but also in the international market. The customers are likely to trust products that are manufactured to standards, which increases the brand's reputation. Second, through the introduction of world standards, the competitiveness of enterprises will be raised.

### **CONCLUSION**

In conclusion, the lack of global standards in the process of systematization and innovative management of local businesses in Uzbekistan causes many problems. However, if the necessary measures are taken to solve these problems, it is possible to increase the competitiveness of the Uzbek economy and achieve innovative development. Local companies can effectively organize their activities and enter the global market by learning and applying modern management methods. In addition, strengthening cooperation between the state and the private sector will contribute to the creation of an innovative ecosystem, and these processes will ensure stable growth of the economy of Uzbekistan.

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